

CALIFORNIA ECONOMIC STRATEGY PANEL
SUMMARY OF THE SEPTEMBER 19, 2005 MEETING

Purpose of the Meeting

Vickie Bradshaw, Chair stated that the purpose of the meeting was to:

- Learn about Hurricane Katrina's short and long-term impact on the National and State economies;
- Discuss opportunities and constraints of the goods movement infrastructure in the Southern California Economic Region; and,
- Discuss regional economic issues raised by participants to the Civic Entrepreneur Summit 2005 convened by the California Center for Regional Leadership.

State of the California Economy: Hurricane Katrina's Short and Long-term Impact on the National and State Economies

Stephen Levy, Director of the Center for the Continuing Study of the California Economy assessed the economic impact of Hurricane Katrina. Key points discussed included the following.

- There will be negligible short or long-term impact on the California economy. There will be some impact on the national economy, especially the Midwest, if the port is not operable for both export and import.
- The Gulf region will benefit from investments to rebuild which may strengthen the economy prior to the hurricane.
- Re-directing federal funds and massive investment in one region, while possibly adding to the federal deficit, could have longer term impact.

Opportunities and Constraints of Goods Movement Infrastructure in the Southern California Region

John Husing, Owner of Economics & Politics, Inc. discussed economic opportunities and potential job growth in the logistics industry. The presentation may be reviewed at <http://www.labor.ca.gov/panel/espmtgs.htm>. Key points discussed included the following.

- The Southern California Region is losing manufacturing jobs (production) that pay well but do not have to stay in the region. The sectors that are adding jobs are

mostly population serving with the exception of the logistics sector which has to stay in the region.

- The logistics job demand is rising due to “just-in-time” inventory control usage. In 2003, there were 548,278 jobs in the logistics sector in the Southern California Association of Governments (SCAG) Region. Most of the jobs were in wholesale trade, truck transportation and support activities for transportation.
- Compared to the highest “blue-collar” average pay level, jobs in logistics paid \$45,314, whereas construction and manufacturing paid \$40,439 and \$43,871, respectively.
- The high pay in logistics jobs is due to the use of technology such as computerized order receiving, personal digital assistants, robotic goods handling and geographic information systems.
- The soaring volume of international containers processed through the Ports of Los Angeles and Long Beach is projected to increase significantly, raising issues of infrastructure constraints. The growth projections could result in over 1 million new jobs.
- The major issues include diesel exhaust, railroad track capacity and grade separations, intermodal yards, short haul rail and separate trucks.

Other points discussed included the extensive work the Los Angeles County Economic Development Corporation (LAEDC) and the Southern California Association of Governments (SCAG) have been involved in regarding the logistics sector, environmental and health issues around the logistics corridors, much of the issues are at the federal level and the need for the Panel to consider opportunities and constraints of other industry sectors in the Southern California Region.